

POTENTIAL QUESTIONS FROM
HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE
AT 25 APRIL HEARING

Question:

How many civilian employees are in your organization, and how many are covered by Social Security?

Answer:

Although we are getting into some areas which are classified, I can say that something less than 10% of our population is now under Social Security.

Question:

What are you advising the new hires and has there been any impact on your recruitment effort?

Answer:

We are generally advising new hires that while their retirement system is as yet undefined, every effort is being made to provide them with a system which will provide an adequate retirement benefit. We don't have any hard data to say specifically that employees are turning us down because of this issue. However, we do get a lot of questions about what is happening on retirement with expression of concern. It is definitely an issue of high interest to prospective employees.

Question:

Has the retirement issue had any impact on morale within the Agency?

Answer:

Employees read in the newspaper about proposed retirement changes and are very much concerned about what will ultimately take place. Their anxiety level is very high and there have been many expressions that if changes are made they will leave. Most feel there is a social contract and obligation for the government to provide the benefits which influenced their decision to come to work for the government. They feel changes would be a breach of that contract. There is a feeling of general uncertainty that if changes are made now, will there be more the next year and the year after that and so on.

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Question:

What has been your recent experience with Voluntary Retirements? If it has increased, is this because of fears of changes to the Retirement Systems?

Answer:

Voluntary Retirements have been higher. While not all retirements would be attributable to the current situation, the uncertainty over pending changes is causing decisions to retire which employees otherwise would not make. This is despite our efforts to explain grandfathering provisions.

SPECIAL EMPLOYMENT CATEGORIES

Question:

How should employees under special categories (law enforcement, fire fighters, air traffic controllers, and the foreign service) be treated under the new supplemental plan?

Response:

The special categories cited are provided with special retirement provisions and coverage based upon Congressional recognition of the special nature of the missions and functions of the organizations involved and circumstances of employee service in these types of special activities. Supplemental plans must provide the same special provisions for these categories as well as for the Agency.

The CIA's mission imposes unique demands and employment circumstances on all Agency employees, liable for service anywhere in the world as Agency requirements dictate. In recognition of these conditions and the work force management needs of the Agency, the CIA needs special provisions in future supplemental retirement system coverages specifically tailored to our future CIARDS employees and CSRS-type personnel.

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Question:

Should current age and service requirements be continued for the Agency's special system?

Response:

Yes

Question:

If early retirement is continued should we somehow compensate early retirees for the fact that Social Security benefits will not begin until age 62?

Response:

Yes. Early retirement must be accompanied by an adequate annuity to sustain such retirements. If benefit levels are to be maintained, a supplement must be provided until Social Security benefits become available.

SOCIAL SECURITY "TILT"

Question:

How much, if any, of the Social Security tilt should be offset by the new supplemental plan?

Response:

There are certain social objectives associated with Social Security and we would defer to Congress' judgment on the merits of applying this to the government at large. From the Agency's standpoint, some offset may be required to achieve desired retirement benefit levels.

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VESTING

Question:

What should be the vesting requirement under the new supplemental plan?

Response:

The current 5 year vesting has proven to be sufficient to influence employees to stay on-board with CIA for the desired full career needed.

The portability features of Social Security and defined contribution plans would encourage greater turnover. A high turnover rate creates security problems through greater exposure to classified information to a larger number of people and would put extreme pressure on our ability to recruit, train, and maintain needed expertise in the intelligence profession.

COST

Question:

What should be the normal cost for the supplemental system?

Response:

In order to recruit and maintain the type and quality of both the CIA overseas and domestic employee cadres required to effectively fulfill the Agency's unique intelligence mission, CIA's current retirement systems have and must continue to serve as critical management tools in maintaining the characteristics of the Agency's total work force.

The cost of the new coverage therefore should be based on the cost flowing from the provisions required to maintain the full effectiveness of the system in serving our organizational needs.

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EMPLOYEE CONTRIBUTIONS

Question:

Should employees under the new supplemental plan be required to pay contributions, and, if so, what level of contribution should be required?

Response:

We support a supplemental plan with an annuity base established on the defined benefit concept with essentially the same early retirement eligibility and benefit provisions now in the current systems. We believe its important and equitable that new employees contribute to the retirement plan. The aggregate contributions to Social Security and the retirement plan should equate to the amounts contributed by employees covered by the current systems.

FUNDING & FINANCING

Question:

If the supplemental system is fully funded, should the funding come from Agency appropriations or from the Treasury?

Response:

The present financing system which blends an organization's appropriations to cover specific costs and Treasury funds for others appears reasonable and we have no recommendations for changing that system.